

Internal Revenue Service, Treasury

§ 1.168(i)-1

- (ii) Formula for determining foreign source income, gain, or loss.
- (3) Section 904(d) separate categories.
- (g) Assets subject to recapture.
- (h) Changes in use.
- (1) Conversion to personal use.
- (2) [Reserved] For further guidance, see the entry for § 1.168(i)-1T(h)(2).
- (3) Change in use results in a different recovery period and/or depreciation method.
- (i) No effect on general asset account election.
- (ii) Asset is removed from the general asset account.
- (iii) New general asset account is established.
- (i) [Reserved] For further guidance, see the entry for § 1.168(i)-1T(i).
- (j) Identification of disposed or converted asset.
- (k) Effect of adjustments on prior dispositions.
- (1) Election.
- (1) Irrevocable election.
- (2) Time for making election.
- (3) Manner of making election.
- (m) [Reserved] For further guidance, see the entry for § 1.168(i)-1T(m).

[T.D. 8566, 59 FR 51371, Oct. 11, 1994, as amended by T.D. 9115, 69 FR 9534, Mar. 1, 2004; T.D. 9132, 69 FR 33842, June 17, 2004; T.D. 9314, 72 FR 9249, Mar. 1, 2007; T.D. 9564, 76 FR 81085, Dec. 27, 2011; 77 FR 75016, Dec. 19, 2012]

§ 1.168(i)-0T Table of contents for the general asset account rules (temporary).

This section lists the major paragraphs contained in § 1.168(i)-1T.

§ 1.168(i)-1T General asset accounts (temporary).

- (a) through (b)(4) [Reserved] For further guidance, see the entries for § 1.168(i)-1(a) through (b)(4).
- (5) Mass assets.
- (6) Remaining adjusted depreciable basis of the general asset account.
- (c)(1) through (c)(2) [Reserved] For further guidance, see the entries for § 1.168(i)-1(c)(1) through (c)(2).
- (3) Examples.
- (d)(1) [Reserved] For further guidance, see the entry for § 1.168(i)-1(d)(1).
- (d)(2) Assets in general asset account are eligible for additional first year depreciation deduction.
- (d)(3) No assets in general asset account are eligible for additional first year depreciation deduction.
- (d)(4) through (e)(2)(iv) [Reserved] For further guidance, see the entries for § 1.168(i)-1(d)(4) through (e)(2)(iv).
- (v) Manner of disposition.

- (vi) Disposition by transfer to a supplies account.
- (vii) Leasehold improvements.
- (viii) Determination of asset disposed of.
- (e)(2)(ix) through (e)(3)(v) [Reserved] For further guidance, see the entries for § 1.168(i)-1(e)(2)(ix) through (e)(3)(v).
- (vi) Technical termination of a partnership.
- (e)(3)(vii) through (h)(1) [Reserved] For further guidance, see the entries for § 1.168(i)-1(e)(3)(vii) through (h)(1).
- (h)(2) Business or income-producing use percentage changes.
- (h)(3) [Reserved] For further guidance, see the entry for § 1.168(i)-1(h)(3).
- (i) Redetermination of basis.
- (j) through (l) [Reserved] For further guidance, see the entries for § 1.168(i)-1(j) through (l).
- (m) Effective/applicability date.

[T.D. 9564, 76 FR 81086, Dec. 27, 2011]

§ 1.168(i)-1 General asset accounts.

- (a) through (1)(1) [Reserved] For further guidance, see § 1.168(i)-1T(a) through (1)(1).

(1)(2) *Time for making election.* The election to apply this section shall be made on the taxpayer's timely filed (including extensions) income tax return for the taxable year in which the assets included in the general asset account are placed in service by the taxpayer.

(3) *Manner of making election.* In the year of election, a taxpayer makes the election under this section by typing or legibly printing at the top of the Form 4562, "GENERAL ASSET ACCOUNT ELECTION MADE UNDER SECTION 168(i)(4)," or in the manner provided for on Form 4562 and its instructions. The taxpayer shall maintain records (for example, "General Asset Account #1—all 1995 additions in asset class 00.11 for Salt Lake City, Utah facility") that identify the assets included in each general asset account, that establish the unadjusted depreciable basis and depreciation reserve of the general asset account, and that reflect the amount realized during the taxable year upon dispositions from each general asset account. (But see section 179(c) and § 1.179-5 for the record-keeping requirements for section 179

§ 1.168(i)-1T

26 CFR Ch. I (4-1-13 Edition)

property.) The taxpayer's record-keeping practices should be consistently applied to the general asset accounts. If Form 4562 is revised or renumbered, any reference in this section to that form shall be treated as a reference to the revised or renumbered form.

(m) [Reserved] For further guidance, see § 1.168(i)-1T(m).

[T.D. 8566, 59 FR 51371, Oct. 11, 1994; 59 FR 64849, Dec. 16, 1994, as amended by T.D. 9115, 69 FR 9534, Mar. 1, 2004; T.D. 9132, 69 FR 33842, June 17, 2004; T.D. 9314, 72 FR 9249, Mar. 1, 2007; T.D. 9564, 76 FR 81086, Dec. 27, 2011; 77 FR 75016, Dec. 19, 2012]

§ 1.168(i)-1T General asset accounts (temporary).

(a) *Scope.* This section provides rules for general asset accounts under section 168(i)(4). The provisions of this section apply only to assets for which an election has been made under paragraph (1) of this section.

(b) *Definitions.* For purposes of this section, the following definitions apply:

(1) *Unadjusted depreciable basis* has the same meaning given such term in § 1.168(b)-1(a)(3).

(2) *Unadjusted depreciable basis of the general asset account* is the sum of the unadjusted depreciable bases of all assets included in the general asset account.

(3) *Adjusted depreciable basis of the general asset account* is the unadjusted depreciable basis of the general asset account less the adjustments to basis described in section 1016(a)(2) and (3).

(4) *Expensed cost* is the amount of any allowable credit or deduction treated as a deduction allowable for depreciation or amortization for purposes of section 1245 (for example, a credit allowable under section 30 or a deduction allowable under section 179, 179A, or 190). Expensed cost does not include any additional first year depreciation deduction.

(5) *Mass assets* is a mass or group of individual items of depreciable assets—

(i) That are not necessarily homogeneous;

(ii) Each of which is minor in value relative to the total value of the mass or group;

(iii) Numerous in quantity;

(iv) Usually accounted for only on a total dollar or quantity basis;

(v) With respect to which separate identification is impracticable; and

(vi) Placed in service in the same taxable year.

(6) *Remaining adjusted depreciable basis of the general asset account* is the unadjusted depreciable basis of the general asset account less the amount of the additional first year depreciation deduction allowed or allowable, whichever is greater, for the general asset account.

(c) *Establishment of general asset accounts—*(1) *Assets eligible for general asset accounts—*(i) *General rules.* Assets that are subject to either the general depreciation system of section 168(a) or the alternative depreciation system of section 168(g) may be accounted for in one or more general asset accounts. An asset is included in a general asset account only to the extent of the asset's unadjusted depreciable basis. However, an asset is not to be included in a general asset account if the asset is used both in a trade or business (or for the production of income) and in a personal activity at any time during the taxable year in which the asset is placed in service by the taxpayer or if the asset is placed in service and disposed of during the same taxable year.

(ii) *Special rules for assets generating foreign source income.* (A) Assets that generate foreign source income, both United States and foreign source income, or combined gross income of a FSC (as defined in former section 922), DISC (as defined in section 992(a)), or possessions corporation (as defined in section 936) and its related supplier, may be included in a general asset account if the requirements of paragraph (c)(2)(i) of this section are satisfied. If, however, the inclusion of these assets in a general asset account results in a substantial distortion of income, the Commissioner may disregard the general asset account election and make any reallocations of income or expense necessary to clearly reflect income.

(B) A general asset account shall be treated as a single asset for purposes of applying the rules in § 1.861-9T(g)(3) (relating to allocation and apportionment of interest expense under the asset method). A general asset account that